

LHV Group

October results
14 November 2017

LHV Group

Good month with strong trends

Financial results, EURt	13 months	Oct-17	YTD17	YTD16	FP YTD	Δ YTD FP
Total revenue, incl.		4,755	47,838	41,215	48,899	-1,061
Net interest income		3,153	28,787	24,409	30,977	-2,190
Net fee and commission income		1,748	17,941	15,017	17,510	+430
Total operating expenses		2,794	26,253	23,451	26,706	-453
Earnings before impairment		1,961	21,586	17,764	22,194	-608
Impairment losses on loans		124	3,318	1,596	3,385	-67
Income tax		5	1,051	228	1,475	-424
Net profit		1,832	17,217	15,940	17,333	-117
attr. to owners of the parent		1,648	15,565	14,527	15,668	-103
Business volumes, EURm	13 months	Oct-17	YTD17	YTD16	FP YTD	Δ YTD FP
Deposits from customers		1,120	1,120	747	876	+244
Loans (net)		673	673	492	642	+31
Assets under management		1,084	1,084	949	1,132	-48
Key figures	13 months	Oct-17	YTD17	YTD16	FP YTD	Δ YTD FP
Cost / income ratio (C/I)		58.8%	54.9%	56.9%	54.6%	+ 0.3 pp
ROE (attr. to owners of the parent)		16.9%	17.2%	20.6%	17.6%	- 0.4 pp
Net interest margin (NIM)		2.8%	3.2%	3.7%	3.9%	- 0.7 pp
ROA		1.6%	1.9%	2.3%	2.1%	- 0.3 pp

- Both loans and AUM increased by 17 EURm, decrease in deposits came from payment intermediaries' deposit balances
- Interest income lower than in financial plan but growing. Costs lower than planned
- Net profit 1,8 EURm, the result was negatively affected by the revaluation of currency exchange rates of 0.2 EURm
- Credit quality remains good, focus on some individual clients
- Financial plan remains valid

LHV Banking

Business volumes at record level

Financial results, EURt	13 months	Oct-17	YTD17	YTD16	FP YTD	Δ YTD FP
Total revenue, incl.		3,171	32,819	26,862	32,873	-54
Net interest income		2,840	25,594	20,713	27,103	-1,509
Net fee and commission income		519	6,290	4,340	5,607	+682
Total operating expenses		1,808	16,813	14,565	17,282	-469
Earnings before impairment		1,363	16,006	12,296	15,591	+416
Impairment losses on loans		190	3,240	1,124	2,636	+604
Net profit		1,173	12,766	11,172	12,954	-188
Business volumes, EURm	13 months	Oct-17	YTD17	YTD16	FP YTD	Δ YTD FP
Deposits from customers		1,132	1,132	755	889	+243
Loans (net)		664	664	487	635	+29
Key figures	13 months	Oct-17	YTD17	YTD16	FP YTD	Δ YTD FP
Cost / income ratio (C/I)		57.0%	51.2%	54.2%	52.6%	- 1.3 pp
CT1 capital adequacy		13.9%	13.9%	14.8%	14.0%	- 0.2 pp
Total capital adequacy		17.1%	17.1%	19.0%	17.4%	- 0.3 pp
Net interest margin (NIM)		2.5%	2.9%	3.2%	3.5%	- 0.6 pp

- Lower than planned interest income is partly offset by better than expected net fees and lower operating expenses
- Payment intermediary's deposits decreased by 174 EURm and regular deposits increased by 25 EURm of which private customers' deposits increased 5 EURm
- The loan portfolio increased by 17 EURm of which 9 EURm came from corporate loans, 7 EURm from retail loans and 1 EURm from Mokilizingas loan growth
- Credit quality remains good

Two new Estonian investments announced

Financial results, EURt	13 months	Oct-17	YTD17	YTD16	FP YTD	Δ YTD FP
Total revenue		1,186	11,144	10,380	11,355	-211
Total expenses		493	5,487	5,337	5,519	-32
Earnings before taxes		692	5,657	5,043	5,835	-178
Income tax		0	951	0	1,275	-324
Net profit		692	4,706	5,043	4,560	+146
Business volumes	13 months	Oct-17	YTD17	YTD16	FP YTD	Δ YTD FP
Assets under management, EURm		1,084	1,084	949	1,132	-48
Active customers of PII funds, thous.		177	177	177	182	-5
Key figures	13 months	Oct-17	YTD17	YTD16	FP YTD	Δ YTD FP
Cost / income ratio (C/I)		43.0%	49.9%	52.1%	49.1%	+ 0.8 pp
Funds average return		0.7%	2.8%	2.4%	2.7%	+ 0.1 pp

- The volume of funds increased by 17 EURm. The number of pillar II customers has been at the same level for 2 months
- Good financial revenues in October. The costs were lower than planned
- LHV pension funds will finance COOP Bank and Tartu city

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